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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

TOM FORSEE

Commissioner

ANDY TOBIN

Commissioner

IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF REVISED
RIDER R-3 FOR NET METERED
CUSTOMERS.

DOCKET NO. E-01933A-16-0038

DECISION NO. 75511

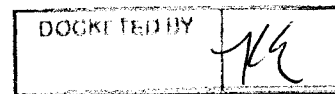
ORDER

Arizona Corporation Commission

DOCKETED

APR 22 2016

Open Meeting
April 12 and 13, 2016
Phoenix, Arizona



BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company, Inc. ("TEP" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

Background

2. On February 1, 2016, TEP filed an application for approval of its revised Rider R-3 Market Cost of Comparable Conventional Generation ("MCCCG") which is used in conjunction with Rider R-4, Net Metering for Certain Partial Requirements Service ("NM-PRS"). TEP's Rider R-3 specifies the methodology for calculating the rate to be paid for purchases of excess energy from Net Metering Facilities. The rate is listed on the TEP Statement of Charges. The last revision of the Rider R-3 rate was approved by the Commission's Decision No. 74973 (March 16, 2015).

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3. For Net Metering customers, each calendar year, for customer bills produced in October (September usage) or for a customer's "final" bill, the Company credits the customer for any balance of excess kWhs remaining. The payment for the purchase of these excess kWhs is at the Company's applicable avoided cost. TEP has defined its avoided cost as the average hourly market cost of comparable conventional generation as specified on its Rider R-3 applicable to NM-PRS. Rider R-3 indicates that the MCCCCG will be filed annually (by February 1) by TEP for approval by the Commission.

Proposed Tariff

4. TEP's proposed revision to the Rider R-3 rate reflects a lower MCCCCG and therefore decreases the avoided cost rate from \$0.028653 per kWh to \$0.025204¹ per kWh for purchases of excess energy from Net Metering Facilities.

5. Staff has reviewed TEP's hourly marginal costs that resulted in the \$0.025204 rate and finds the data and calculations to be reasonable.

Recommendations

6. Staff has recommended that TEP's revised Rider R-3 MCCCCG as applicable to Rider R-4 NM-PRS be approved.

7. Staff has further recommended that the avoided cost rate of \$0.025204 per kWh should be effective as of April 1, 2016.

8. Staff has further recommended that TEP file a Statement of Charges consistent with the Decision in this case within 15 days of the effective date of the Decision.

CONCLUSIONS OF LAW

1. TEP is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over TEP and over the subject matter of the application.

¹ The application used the rate \$0.0252036, but the Company has indicated to Staff that the rate should be rounded to six decimal places, as included in the Statement of Charges that was attached to the application.

1 3. Approval of the revised Rider R-3 MCCCCG does not constitute a rate increase as
2 contemplated by A.R.S. Section 40-250.

3 4. The Commission, having reviewed the application and Staff's Memorandum dated
4 March 4, 2016, concludes that the revised Rider R-3 MCCCCG should be approved as discussed herein.

5 ORDER

6 IT IS THEREFORE ORDERED that Tucson Electric Power Company's revised Rider R-3
7 Market Cost of Comparable Conventional Generation as applicable to Rider R-4 is approved as
8 discussed herein.

9 IT IS FURTHER ORDERED that the avoided cost rate of \$0.025204 per kWh should be
10 effective as of April 1, 2016.

11 IT IS FURTHER ORDERED that Tucson Electric Power shall file in Docket Control a
12 Statement of Charges consistent with the Decision in this case within 15 days of the effective date of
13 the Decision.

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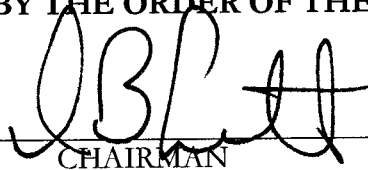
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1 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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3 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

4 **EXCUSED**
COMM. STUMP

5 
CHAIRMAN

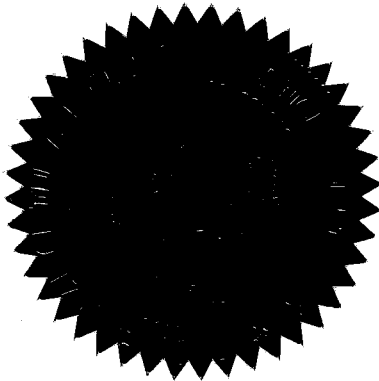
COMMISSIONER

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8 COMMISSIONER


COMMISSIONER


COMMISSIONER

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10 IN WITNESS WHEREOF, I, JODI JERICH, Executive
11 Director of the Arizona Corporation Commission, have
12 hereunto, set my hand and caused the official seal of this
13 Commission to be affixed at the Capitol, in the City of
14 Phoenix, this 22nd day of April, 2016.



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JODI JERICH
EXECUTIVE DIRECTOR

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17 DISSENT: _____

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19 DISSENT: _____

20 TMB:JJP:vsc/RRM

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